

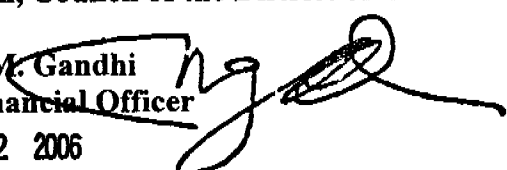
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUN -2 2006

**SUBJECT:** Fiscal Impact Statement: "Washington Stage Guild Tax Exemption Act of 2006."

**REFERENCE:** Bill Number 16-758 as Introduced

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**Conclusion**

The proposed legislation would result in a negative fiscal impact on the local General Fund of \$19,600 in FY 2007 and an overall impact of \$82,700 for FY 2007 through FY 2010.

**Background**

The proposed legislation would exempt from real property taxation the portion of real property leased to the Theatre Downtown, Inc., located on lot 26, square 406. The portion of real property located on lot 26, square 406 would remain exempt from property tax as long as it is leased to the Theatre Downtown, Inc. and is used to produce and stage live theater performances.

**Financial Plan Impact**

The proposed legislation specifies that the exemption shall not take effect unless the fiscal effect is funded by a revised quarterly revenue estimate.

It is estimated that the proposed property tax exemption will reduce property tax collections by \$19,600 in FY 2007 and \$82,700 in FY 2007 through FY 2010. The table in Figure 1 illustrates the estimated revenue impact on the District's financial plan.<sup>1</sup>

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<sup>1</sup> Estimates assume a yearly increase of 3.5% in taxable value.

It is estimated that the proposed property tax exemption will reduce property tax collections by \$19,600 in FY 2007 and \$82,700 in FY 2007 through FY 2010. The table in Figure 1 illustrates the estimated revenue impact on the District's financial plan.<sup>1</sup>

The property on which the Theatre Downtown, Inc. will lease space, located at 505 9<sup>th</sup> Street, NW, is under renovation that is scheduled to be completed in the fourth quarter of 2007. The total investment in this property is estimated to be \$135 million. If the project is completed on time and the assessment reflects the sizeable investment in the property, the revenue reductions in FY 2009 and FY 2010 will be much larger than reflected in the table below.<sup>2</sup>

Figure 1.

Summary Table Estimated Impacts to the Financial Plan (S in 000s)					
Item	FY 2007	FY 2008	FY 2009	FY 2010	4 - Year Total
Reduced Revenue Collections	(\$19.6)	(\$20.3)	(\$21.0)	(\$21.8)	(\$82.7)

<sup>1</sup> Estimates assume a yearly increase of 3.5% in taxable value.

<sup>2</sup> Based on the assumption that the estimated value of the property will equal \$135 million, the Office of Tax and Revenue estimates a one year revenue reduction of approximately \$103,000.